



Seven Steps to Form a New Business in Kentucky

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& Logan Koehring**

This guide will help you:

1. understand how to start a Kentucky limited liability company (LLC);
2. get a great deal of personal liability protection;
3. obtain tax benefits;
4. protect and grow your equity and intellectual property.

If that is your goal, then you are in the right spot.

LEGAL DISCLAIMER: The content in this guide is provided "AS IS" with no representations or warranties as a businessperson and not as a business attorney (which I am). By continuing to read this you see that I have removed my lawyer hat, placed it on the table, and put on my businessperson hat. The information provided in this guide does not constitute legal advice; rather, it is my general guide to the administrative steps of forming a company, the reasons for doing that, and my considerations in the process. All information, content, and materials are for general business purposes of facilitating greater entrepreneurship in the Commonwealth of Kentucky.

If you would like legal advice for cheap, we offer 30-minute consults for \$99 (amounts to a 50% savings). If you retain us, the consults are refunded against your invoice. If you do not, we guarantee that you will receive valuable information about your business or we will refund your money, no questions asked. We do the small charge to protect both of our time.

Many lawyers and accountants do free consults; however, I believe that having "skin in the game" is a basic business principle. We also offer flat rate contract review and corporate formation.



Schedule \$99 Consult

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1 Think Before You Start

Prior to building a pitch deck, drafting an executive summary, bringing on partners, receiving investments, or – God forbid – drafting a business plan, I find it useful to focus my ideas by writing down answers to the following questions:

- a. Why do I want to start this business?
- b. How do I define success?
- c. What are my goals today?
This week? Month? Quarter? Year?
- d. What am I selling? What is the unit economics?
What is my path to revenue?
- e. When will I launch, get paid, run out of money?
- f. What and who do I need to launch?
- g. What is total available market and your own potential upside in that market?

All businesses hope to make money. Entrepreneurship is both extremely difficult and rewarding. For staying power through the trials – and there will be trials – having a clear vision and strategy can be all the difference in failure, success, or wild success.





2 Visit the Kentucky One Stop Business Portal

{<https://onestop.ky.gov/Pages/default.aspx>}

Kentucky One Stop Business Portal is the only place to create your Kentucky business. The Portal will guide you through the process to:

- a. reserve your business name;
- b. select your entity and management type;
- c. provide information about owners;
- d. appoint a registered agent;
- e. list a physical business address;
- f. name any other Responsible Parties, and;
- g. pay the filing fee (\$40 for LLCs, for example) for organizing the entity.

There are many important decisions during the business registration process. We like LLCs because the entities are flexible, offer pass through taxation, protects personal asset, and allow for ownership flexibility. With some exceptions, most small businesses are LLCs.

The goal of completing your registration is to receive your Articles of Organization. You can most quickly do this [by clicking HERE](#). If you see an Articles of Organization hyperlink, **CONGRATULATIONS!!** You are smart enough to start a Kentucky company. Now the fun begins!



3 Employer Identification Number (EIN) and State Tax Identification Number

Your Employer Identification Number (EIN) is important for tax filings, banking, hiring, licensures, etc. [This Link](#) will take you to the IRS website where you can obtain your EIN by downloading a PDF after answering the applicable questions. We encourage you to speak to an attorney or accountant to better understand your tax election.

Next, you can obtain your State Tax Identification Number (separate from the FEIN) by visiting the One Stop Portal and follow the applicable prompts (Step 3, labeled “Get your tax numbers,” under the “Start my Business” tab).

Business attorneys and accountants know the key questions to help you make an informed decision. We help you eliminate fear and save time with our expertise in starting new businesses. [This Video](#) gives a thorough overview on Federal taxes regarding starting new businesses, as well as tax elections. If you elect to watch the video, you might gain a better appreciation for the knowledge of your attorneys and accountants.





4 Get A Good Accountant

If you are serious about business, then you must be serious about accounting. We outsource all tax, payroll, and accounting because the nominal fee (\$100-200/month) allows us to focus on clients. A good accountant is worth their weight in gold and having them around from the beginning to end is a good business decision.





5 Start A Bank Account

With your Articles of Organization and EIN you can open a bank account. Some banks desire operating agreements (some will require), but most allow you to start without one. If you have multiple owners, the bank may require an operating agreement.

Starting a business bank account and keeping your personal assets separate is crucial to protect your personal assets. You will also need to obtain appropriate insurance coverage and adhere to corporate formalities (see Step 6). You certainly should refrain from using business credit cards for personal expenses, as this can be a very good reason to subject your personal assets to your business creditors. Also, having a business banking account and credit card makes it easy to determine expenses to write off. American Express has great free options with 1% cashback – as do many others – and even automatically categorize your expenses.





6 Get Proper Coverage

If your business makes a mistake that costs one of your clients or customers money, the business needs to be properly capitalized to protect your personal assets. Most people do not have millions of dollars available to pay a judgment against the business. To protect the public, courts believe that purchasing business insurance for certain obvious risks within the business is important to protect your personal property from corporate liability.

Courts have long held that insurance allows your company to be properly funded and reduces your personal risk; however, insurance will likely not cover willful, wrongful, or illegal activities. General Insurance policies will generally cover general premises liability, such as slip and falls. Having a thorough understanding of the risks associated with your business and obtaining proper insurance coverage is truly crucial to consider. A little bit of preparation for this can go a long way to ensuring that you get insurance coverage you need to get actual coverage.

Importantly, some insurances, such as unemployment insurance and workers' compensation, are required by law to be paid or supplied. It is prudent to sufficiently understand your risk and strategize accordingly to ensure that you, your family, and your business are protected.





7

Hire A Good Attorney especially in highly regulated industries

Startup and small businesses are the least represented and the most resource strapped. As startup and small business attorneys, we dedicate our careers to better understanding and helping businesses succeed. Some important things to consider legally when you start your company are:

- a. Operating agreement to control your business;
- b. Vesting schedules for multiple partners;
- c. Bringing capital into your business;
- d. Protecting your IP;
- e. Hiring employees or contractors;
- f. Being licensed in all states that you conduct business, and;
- g. Commercial contracts.

Attorneys are generally individuals that enjoy learning new things, and our suite of services include, but are certainly not limited to:

- a. Creating startups
- b. Buying and selling businesses
- c. Agreeing to and enforcing operating agreements
- d. Running Boards
- e. Obtaining Licensures
- f. Reviewing Commercial Leases
- g. Real Estate Purchases
- h. All things IP, except patent prosecution/litigation
- i. Point of Sale and Marketing Guidance
- j. Website Terms and Conditions and Privacy Policies
- k. Litigation Management



Next Steps

We hope that this guide gives you a measure of confidence in starting your company. If you would like our help moving forward, we offer flat rate services to start your business and protect your assets. We are not right for everyone, but we will try to help you find the right attorney if we cannot help. We seek our client's success first and foremost. We love helping and watching our clients' dreams become reality.

Our **Business Formation Package** varies from \$1,000 - \$2,000 and includes:

- 360 Degree Intake Meeting, which includes:
 - Learning more about your interests and goals
 - Learning more about your business
 - Answering questions
 - Analyzing risks
 - Discuss next steps
- Organization with Kentucky Secretary of State
- IRS Employer Identification Number (EIN)
- Assistance with state and local tax filings (optional)
- Operating Agreement
- Initial Resolutions and Forms



GET STARTED NOW

click here to

[Schedule a Consult](#)



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